

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)	INDICTMENT	CR12-114 JNE/SER
)		
Plaintiff,)	(18 U.S.C. § 1343)	
)	(18 U.S.C. § 1344)	
v.)	(18 U.S.C. § 1349)	
)	(18 U.S.C. § 1956)	
1. JARED MITCHELL ROTHENBERGER,)	(18 U.S.C. § 1957)	
)		
Defendant.)		

THE UNITED STATES GRAND JURY CHARGES THAT:

The Scheme to Defraud at Chateau Ridge

1. Chateau Ridge was a real estate development in Burnsville, Minnesota.

2. From on or about August 24, 2006 and continuing until approximately July 15, 2007, JARED MITCHELL ROTHENBERGER and others known and unknown to the grand jury conspired and agreed to engage in a scheme to defraud through the submission of materially false information to lenders financing sales of condominium units at Chateau Ridge.

3. The scheme involved ROTHENBERGER and others finding buyers to apply for mortgage loans to purchase units at the development and then sharing proceeds of the loans obtained to buy the units. The payments from loan proceeds were not fully and accurately disclosed to lenders or described in the documentation prepared for closings and provided to lenders.

SCANNED

MAY 09 2012

U.S. DISTRICT COURT ST. PAUL

MAY 08 2012

FILED
RICHARD D. BLITTEN, CLERK
JUDICIAL BRANCH
DEPUTY CLERK

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4. It was further part of the scheme to defraud that payments from mortgage loan proceeds were made outside of the property sale closings.

5. Among the payments were kickbacks to buyers which amounted to a hidden discount off the purchase price not disclosed to lenders and kickbacks to other scheme participants.

6. The documentation regarding payment of funds in connection with a real estate transaction is material information to a lender. The sharing of funds outside of closing is material information to a lender.

7. It was further part of the scheme that in some transactions, ROTHENBERGER provided funds to be applied toward the purchase price of a unit. The source of funds deposited toward the purchase of a unit is material information to a lender. ROTHENBERGER's assistance was not disclosed to the lenders financing Chateau Ridge sales.

COUNT 1

(Conspiracy to Commit Wire Fraud - Chateau Ridge)

8. Paragraphs 1-7 are hereby realleged and incorporated by reference.

9. From on or about August 24, 2006 and continuing until approximately July 15, 2007, in the State and District of Minnesota and elsewhere, the defendant,

JARED MITCHELL ROTHENBERGER,

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did unlawfully and knowingly combine, conspire, and agree with others known and unknown to commit an offense against the United States, namely,

having devised and intending to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, for the purpose of executing the scheme and artifice, and attempting to do so, transmitted and caused to be transmitted by means of wire communication in interstate commerce, any writings, signs, signals, pictures and sounds, in violation of Title 18, United States Code, Section 1343.

PURPOSE OF THE CONSPIRACY

10. The purpose of the conspiracy was to defraud lenders financing the sale of Chateau Ridge units.

MANNER AND MEANS

11. The manner and means of the conspiracy included paying Chateau Ridge buyers and other participants in the scheme a kickback from mortgage loan proceeds and failing to truthfully disclose to lenders the sharing of loan proceeds.

OVERT ACTS

12. In furtherance of the conspiracy, a co-conspirator committed one of the following overt acts:

- (1) On or about August 24, 2006, ROTHENBERGER drafted check number 1009 for \$1,000.00 payable to VIP Development;
- (2) On or about August 24, 2006, ROTHENBERGER drafted check number 1011 for \$1,000.00 payable to VIP Development;

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- (3) On or about August 24, 2006, ROTHENBERGER drafted check number 1012 for \$1,000.00 payable to VIP Development;
- (4) On or about August 24, 2006, ROTHENBERGER drafted check number 1013 for \$1,000.00 payable to VIP Development;
- (5) On or about August 24, 2006, ROTHENBERGER drafted check number 1014 for \$1,000.00 payable to VIP Development;
- (6) On or about August 24, 2006, ROTHENBERGER drafted check number 1016 for \$1,000.00 payable to VIP Development;
- (7) On or about August 24, 2006, ROTHENBERGER drafted check number 1017 for \$1,000.00 payable to VIP Development;
- (8) On or about October 31, 2006, a coconspirator deposited two checks for \$7,500.00 in connection with the sale of Chateau Ridge unit 313;
- (9) On or about December 5, 2006, a coconspirator deposited a check for \$5,000.00 in connection with the sale of Chateau Ridge unit 216;
- (10) On or about February 5, 2007, ROTHENBERGER deposited a check for \$18,037.50 in connection with the sale of Chateau Ridge unit 208;
- (11) On or about March 8, 2007, a coconspirator deposited a check for \$63,455.00 in connection with the sale of Chateau Ridge unit 119;
- (12) On or about March 9, 2007, a coconspirator drafted a check for \$53,936.75 payable to the buyer of Chateau Ridge unit 119;
- (13) On or about April 11, 2007, ROTHENBERGER paid a coconspirator \$17,000.00;
- (14) On or about April 17, 2007, a coconspirator obtained cashier's check no. 0504103368 for \$17,000.00 in connection with the sale of Chateau Ridge unit 316;

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- (15) On or about April 18, 2007, a coconspirator deposited a check for \$74,580.75 in connection with the sale of Chateau Ridge unit 316;
- (16) On or about April 18, 2007, a coconspirator drafted a check for \$18,750.00 payable to ROTHENBERGER in connection with the sale of Chateau Ridge unit 316;
- (17) On or about July 6, 2007, a coconspirator deposited a check for \$5,000.00 in connection with the sale of Chateau Ridge unit 308;
- (18) On or about July 9, 2007, ROTHENBERGER deposited a check for \$18,250.00 in connection with the sale of Chateau Ridge unit 308;
- (19) On or about August 13, 2007, ROTHENBERGER paid a coconspirator \$5,000.00 in connection with the sale of Chateau Ridge unit 118.

13. All in violation of Title 18, United States Code, Section 1349.

COUNTS 2-3

(Wire Fraud - Chateau Ridge)

14. Paragraphs 1-7 are hereby realleged and incorporated by reference.

15. On or about the following dates, in the State and District of Minnesota and elsewhere, the defendant,

JARED MITCHELL ROTHENBERGER,

aided and abetted by others known and unknown, having devised and intending to devise the above described scheme and artifice to defraud lenders financing the sale of units at Chateau Ridge, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, transmitted

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and caused to be transmitted by means of wire communication in interstate and foreign commerce the following writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice:

COUNT	ON OR ABOUT	UNIT	WIRE COMMUNICATION
2	07/06/2007	Chateau Ridge Unit 308	Wire transfer of \$340,133.95 from account xxxxxxxx2611 of Lehman Brothers Bank/FSB Aurora Clearing in Wilmington, DE to account xxxxx1064 of All Metro Title at Klein Bank in Minnesota
3	07/10/2007	Chateau Ridge Unit 118	Wire transfer of \$275,407.04 from account of Fieldstone Mortgage Company at JPMorgan Chase Bank in New York, NY to account xxxx8742 of Benepartum Title at Wells Fargo Bank in Minnesota

16. All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT 4

(Money Laundering)

17. Paragraphs 1-16 are hereby realleged and incorporated by reference.

18. On or about July 6, 2007, in the State and District of Minnesota and elsewhere, the defendant,

JARED MITCHELL ROTHENBERGER,

aided and abetted by and willfully causing acts by another, did knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce and which involved the

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proceeds of specified unlawful activity, that is, the deposit of a check for \$5,000.00 payable to the buyer of Chateau Ridge unit 308 drawn on an account funded with proceeds of the conspiracy and scheme to defraud at Chateau Ridge, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership, and the control of proceeds of specified unlawful activity.

19. All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

COUNT 5

(Monetary Transactions in Criminally Derived Property)

20. Paragraphs 1-16 are hereby realleged and incorporated by reference.

21. On or about July 9, 2007, in the State and District of Minnesota and elsewhere, the defendant,

JARED MITCHELL ROTHENBERGER,

aided and abetted by another and willfully causing acts by another, did knowingly engage in and attempt to engage in a monetary transactions affecting interstate commerce in property of a value greater than \$10,000 derived from the conspiracy and scheme to defraud at Chateau Ridge, knowing that the monetary transaction involved proceeds of a criminal offense, that is, the deposit of a check for \$18,250.00 in connection with the sale of Chateau Ridge unit 308.

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22. All in violation of Title 18, United States Code, Sections 1957 and 2.

The Scheme to Defraud at Cloud 9

23. The Cloud 9 Sky Flats ("Cloud 9") was a real estate development in Minnetonka, Minnesota.

24. From on or about June 1, 2007 and continuing until approximately October 5, 2007, JARED MITCHELL ROTHENBERGER and others known and unknown to the grand jury conspired and agreed to engage in a scheme to defraud through the submission of materially false information to lenders financing sales of condominium units at Cloud 9.

25. The scheme involved ROTHENBERGER and others finding buyers to apply for mortgage loans to purchase units at the development and then sharing proceeds of the loans obtained to buy the units. The payments from loan proceeds were not fully and accurately disclosed to lenders or described in the documentation prepared for closings and provided to lenders.

26. It was further part of the scheme to defraud that payments to scheme participants from mortgage loan proceeds were made outside of the property sale closings.

27. Among the payments were kickbacks to buyers which amounted to a hidden discount off the purchase price and kickbacks to other scheme participants.

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28. The documentation regarding payment of funds in connection with a real estate transaction is material information to a lender. The sharing of funds outside of closing is material information to a lender.

29. It was further part of the scheme to defraud that in some transactions, scheme participants made additional material representations to lenders. Some loan applications falsely represented that the buyers intended to use the property as a primary residence when in fact the buyer intended that the property be an investment or leased to a renter. Some loan applications falsely represented borrower assets, liabilities, other financed properties, and the true source of down payment and earnest moneys.

COUNT 6

(Conspiracy to Commit Bank and Wire Fraud - Cloud 9)

30. Paragraphs 23-29 are hereby realleged and incorporated by reference.

31. From on or about June 1, 2007 and continuing until approximately October 5, 2007, in the State and District of Minnesota and elsewhere, the defendant,

JARED MITCHELL ROTHENBERGER,

did unlawfully and knowingly combine, conspire, and agree with others known and unknown to commit an offense against the United States, namely,

to knowingly execute and attempt to execute a scheme and

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artifice to defraud federally-insured financial institutions and to obtain money, funds, credits, assets, and other property owned by and under the custody and control of federally-insured financial institutions, by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344; and

having devised and intending to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, for the purpose of executing the scheme and artifice, and attempting to do so, transmitted and caused to be transmitted by means of wire communication in interstate commerce, any writings, signs, signals, pictures and sounds, in violation of Title 18, United States Code, Section 1343.

PURPOSE OF THE CONSPIRACY

32. The purpose of the conspiracy was to defraud lenders financing the sale of Cloud 9 units.

MANNER AND MEANS

33. The manner and means of the conspiracy included paying Cloud 9 buyers and other participants in the scheme a kickback from mortgage loan proceeds and failing to truthfully disclose to lenders the sharing of loan proceeds.

34. All in violation of Title 18, United States Code, Section 1349.

COUNT 7

(Bank Fraud - Cloud 9)

35. Paragraphs 23-29 are hereby realleged and incorporated by reference.

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36. On or about August 15, 2007, in the State and District of Minnesota and elsewhere, the defendant,

JARED MITCHELL ROTHENBERGER,

aided and abetted by others known and unknown, did knowingly execute and attempt to execute a scheme and artifice to defraud and to obtain money, funds, credits, assets, and other property owned by and under the custody and control of Wells Fargo Bank NA, a federally-insured financial institution, by means of materially false and fraudulent pretenses, representations, and promises, that is, the defendant assisted in the securing of a mortgage loan for \$316,241.00 for the purchase of a unit at Cloud 9, shared in the proceeds of said loan, and did not disclose said sharing of funds to the lender financing the transaction.

37. All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNTS 8-11

(Wire Fraud - Cloud 9)

38. Paragraphs 23-29 are hereby realleged and incorporated by reference.

39. On or about the following dates, in the State and District of Minnesota and elsewhere, the defendant,

JARED MITCHELL ROTHENBERGER,

aided and abetted by others known and unknown, having devised and intending to devise the above described scheme and artifice to

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defraud lenders financing the sale of units at Cloud 9, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce the following writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice:

COUNT	ON OR ABOUT	UNIT	WIRE COMMUNICATION
8	07/30/2007	Cloud 9 Unit 808	Wire transfer of \$353,928 from account xxxxxx968 of New Millennium Title Group at JP Morgan Chase Bank in Wisconsin to account xxxx995 of Cloud 9 Real Estate LLC at Private Bank in Minnesota
9	08/03/2007	Cloud 9 Unit 303	Wire transfer of \$222,328 from account xxxxxx433 of Metro West Title at Associated Bank in Wisconsin to account xxxx995 of Cloud 9 Real Estate LLC at Private Bank in Minnesota
10	08/30/2007	Cloud 9 Unit 702	Wire transfer of \$251,715 from account xxxxxx968 of New Millennium Title Group at JP Morgan Chase Bank in Wisconsin to account xxxx995 of Cloud 9 Real Estate LLC at Private Bank in Minnesota
11	10/02/2007	Cloud 9 Unit 601	Wire transfer of \$260,119 from account xxxxxx433 of Metro West Title at Associated Bank in Wisconsin to account xxxx995 of Cloud 9 Real Estate LLC at Private Bank in Minnesota

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40. All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS 12-18
(Money Laundering)

41. Paragraphs 23-40 are hereby realleged and incorporated by reference.

42. On or about the following dates, in the State and District of Minnesota and elsewhere, the defendant,

JARED MITCHELL ROTHENBERGER,

aided and abetted by and willfully causing acts by another, did knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce and which involved the proceeds of specified unlawful activity, that is, the deposit of checks drawn on an account funded with proceeds of the conspiracy and scheme to defraud at Cloud 9, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership, and the control of proceeds of specified unlawful activity:

COUNT	ON OR ABOUT	UNIT	FINANCIAL TRANSACTION
12	06/05/2007	Cloud 9 Unit 603	Check for \$5,148.33 drawn on US Bank account xxxxxxxxx129 payable to Maverick Partners
13	07/11/2007	Cloud 9 Unit 813	Check for \$10,113.37 drawn on US Bank account xxxxxxxxx129 payable to Maverick Partners

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COUNT	ON OR ABOUT	UNIT	FINANCIAL TRANSACTION
14	08/02/2007	Cloud 9 Unit 808	Check for \$9,172.50 drawn on US Bank account xxxxxxxxxx129 payable to Maverick Partners
15	08/03/2007	Cloud 9 Unit 303	Check for \$2,309.00 drawn on US Bank account xxxxxxxxxx129 payable to Maverick Partners
16	08/21/2007	Cloud 9 Unit 1008	Check for \$8,072.50 drawn on US Bank account xxxxxxxxxx129 payable to Maverick Partners
17	09/06/2007	Cloud 9 Unit 702	Check for \$6,547.00 drawn on US Bank account xxxxxxxxxx129 payable to Maverick Partners
18	10/05/2007	Cloud 9 Unit 601	Check for \$5,298.00 drawn on US Bank account xxxxxxxxxx129 payable to Jared Rothenberger

43. All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(I) and 2.

COUNT 19

(Monetary Transactions in Criminally Derived Property)

44. Paragraphs 23-40 are hereby realleged and incorporated by reference.

45. On or about July 11, 2007, in the State and District of Minnesota and elsewhere, the defendant,

JARED MITCHELL ROTHENBERGER,

aided and abetted by another and willfully causing acts by another, did knowingly engage in and attempt to engage in a monetary transaction affecting interstate commerce in property of a value greater than \$10,000 derived from the conspiracy and scheme to

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defraud at Cloud 9, knowing that the monetary transaction involved proceeds of a criminal offense, that is, the deposit of a check for \$10,113.37 drawn on US Bank account xxxxxxxxxx129 in connection with the sale of Cloud 9 unit 813.

46. All in violation of Title 18, United States Code, Sections 1957 and 2.

FORFEITURE ALLEGATIONS

Counts 1-19 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code Sections 981(a)(1) and 982(a)(1) and Title 28, United States Code, Section 2461(c).

As the result of the offenses alleged in Counts 1-3 and 6-11 of this Indictment, the defendant,

JARED MITCHELL ROTHENBERGER,

shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all property, real or personal, which constitutes or is derived from proceeds traceable directly or indirectly to the violations charged in Counts 1-3 and 6-11.

As the result of the offenses alleged in Counts 4-5 and 12-19 of this Indictment, ROTHENBERGER shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), any and all property, real or personal, involved in the violations charged

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in Counts 4-5 and 12-19, and in any property traceable thereto.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28 United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), 1343, 1344, 1349, 1956 and 1957, and Title 28, United States Code, Section 2461(c).

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON